

Long Term Disability Insurance

Long Term Disability

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Basic Long Term Disability

Introduction	The Basic Long Term Disability (BLTD) plan, administered by The Standard Insurance Company, is an employer-funded disability plan provided by the state. This BLTD plan is designed to help you protect a portion of your income if you become disabled.
Eligibility	If you are an active, permanent, full-time employee regularly working 30 or more hours a week for 12 months, or in full-time academic employment who receives compensation from: a department, agency, board, commission or institution of the state; public school districts; county governments (including county council members); and employees of other entities participating in the state's Plan of Benefits, you are eligible for BLTD coverage provided you are covered under a state health plan. Members of the General Assembly and judges in the state courts are also eligible for coverage. Active employees who work at least 20 hours per week may also be eligible at the agency's option. This benefit is provided at no cost to you. You must, however, be actively employed at the time the disability occurs.
Benefit Waiting Period	The benefit waiting period is the amount of time you must be disabled before benefits are paid. No benefits are paid during this period. The BLTD plan has a 90-day benefit waiting period.
Claims	To receive a claim form packet, contact your benefits administrator as soon as it appears you will be disabled for 90 days or more. This packet contains four forms: The Employee's Statement; an Authorization for the Release of Information Form; the Attending Physician's Statement; and the Employer's Statement. You are responsible for making sure these forms are completed and returned to The Standard. Your complete medical records should accompany the Attending Physician's Statement. If you have questions, call The Standard at 800-628-9696.
Active Work Requirement	If physical disease, mental disorder, injury or pregnancy prevent you from working the day before the scheduled effective date of your coverage, your coverage will not become effective until the day after you complete one full day of active work.
Pre-existing Condition	A pre-existing condition is a physical or mental condition for which you consulted a doctor, received medical treatment or took prescribed drugs during the six-month period before your BLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless, on the date you become disabled, you have been continuously covered under the plan for at least 12 months or have not consulted a physician, received medical treatment or services or taken prescribed drugs or medications during any 12 consecutive month period between your date of disability and six months before the date your BLTD coverage became effective.

Exclusions and Limitations

- ❖ Disabilities resulting from war or any act of war are not covered.
- ❖ Intentional self-inflicted injuries are not covered.
- ❖ No BLTD benefits will be paid when you are not under the ongoing care of a physician.
- ❖ No BLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment or vocational training or education approved by The Standard Insurance Company, unless your disability prevents you from participating.
- ❖ No BLTD benefits are payable for any period of disability when you are confined for any reason to a penal or correctional institution.
- ❖ No BLTD benefits are payable after you have been disabled for 24 months, exclusive of the benefit waiting period:
 - ♦ during your entire lifetime for a disability caused or contributed to by a mental disorder;
 - ♦ during your entire lifetime for a disability caused or contributed to by your use of alcohol, alcoholism, use of any illicit drug, including hallucinogens, or drug addiction;
 - ♦ during your entire lifetime for a disability caused or contributed to by chronic pain, musculoskeletal or connective tissue conditions such as strains, sprains, fibromyalgia, TMJ, etc.;
 - ♦ during your entire lifetime for a disability caused or contributed to by chronic fatigue or related conditions;
 - ♦ during your entire lifetime for a disability caused or contributed to by chemical and environmental sensitivities.
- ❖ During the 90-day benefit waiting period and the first 24 months of disability, no BLTD benefits will be paid for any period of disability when you are able to work in your own occupation and able to earn at least 20 percent of your predisability earning adjusted for inflation, but choose not to work. Thereafter, no BLTD benefits will be paid for any period of disability when you are able to work in any occupation and able to earn at least 20 percent of your predisability earnings adjusted for inflation but choose not to work.

BLTD Plan Benefits Summary

Benefit waiting period:	90 days
Monthly BLTD benefit ¹ percentage:	62.5 percent of your predisability earnings, reduced by deductible income
Maximum benefit:	\$800 per month
Maximum benefit period:	To age 65 if you become disabled before age 62. An age-graded maximum benefit period is provided for disabilities beginning at age 62 and over. Maximum benefit period for age 69 and beyond is one year.

Examples

1.	\$29,250.00	annual salary	2.	\$32,986.00	annual salary
	\$ 2,437.50	monthly base salary		\$ 2,748.83	monthly base salary
	\$ 1,523.44	62.5 percent of base salary		\$ 1,718.02	62.5 percent of base salary
	- 0	retirement (ineligible)		- 731.00	retirement offset
	1,523.44	balance		987.02	balance
	- 600.00	Social Security offset		- 766.00	Social Security offset
	\$ 923.44	balance (exceeds \$800 max.)		\$ 221.02	LTD monthly benefit ¹
	\$ 800.00	LTD monthly benefit ¹			

¹BLTD benefits are subject to federal and state income taxes since the premiums are paid on a pretax basis. Check with your accountant or tax advisor regarding your tax liability.

Predisability Earnings

Predisability earnings are the monthly earnings from your state-covered employer as of the preceding January 1. Predisability earnings are the actual amount your employer compensates you per year, including merit and longevity increases. It does not include bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.

When Are You Considered Disabled?

You are considered disabled and eligible for benefits if you cannot work full-time due to a covered injury, physical disease, mental disorder or pregnancy. You will also need to satisfy the benefit waiting period and meet one of the following definitions of disability during the period in which it applies.

Definition One:

Own Occupation Disability - You are unable to perform, with reasonable continuity, the material duties of your own occupation during the benefit waiting period and the first 24 months of disability.

Definition Two:

Any Occupation Disability - You are unable to perform, with reasonable continuity, the material duties of any occupation. Any occupation means any occupation or employment which you are able to perform, whether due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or

any other occupation. The “any occupation” period begins at the end of the “own occupation” period and continues to the end of the maximum benefit period.

Definition Three: *Partial Disability* –

A) During the “own occupation” period, you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings while working in your own occupation.

B) During the “any occupation” period, you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings while working in any occupation.

**Own
Occupation**

Own occupation means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as your regular and ordinary employment with the employer. Your own occupation is not limited to your job with your employer. It is also not limited to when your job is available.

**Material
Duties**

Material duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation.

**Deductible
Income**

Your BLTD benefits will be reduced if you receive, or you are eligible to receive, income from other sources (i.e., deductible income). Deductible income includes: sick pay or other salary continuation (including sick leave pool); primary Social Security benefits; Workers’ Compensation; other group disability benefits (except SLTD benefits which are described on Page 128); maximum plan retirement benefits; etc. For example, your BLTD benefit before reduction by deductible income is 62.5 percent of your covered predisability earnings, with a maximum monthly amount of \$800. The benefit will then be reduced by the amount of any deductible income you receive or are eligible to receive. The total of the reduced benefit, plus the deductible income, will provide at least 62.5 percent of your covered predisability earnings, not to exceed a monthly maximum of \$800.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the South Carolina Retirement Systems requires you to file an application for disability benefits while still in service or prior to termination of employment.**

When other benefits are awarded, you may receive a payment for an earlier period of time (retroactive or past benefits). If the award includes past benefits, or if you receive other income before notifying The Standard, there will be an overpayment of your BLTD claim. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

**When Benefits
End**

Your benefits automatically end on the earliest of the following:

- ❖ the date you are no longer disabled;
- ❖ the date your maximum benefit period ends (refer to the limitations and exclusions section on Page 120);
- ❖ the date benefits become payable under any other group long term disability insurance policy under which you became insured during a period of temporary recovery; or
- ❖ the date you die.

**When BLTD
Coverage Ends**

- ❖ The day the plan terminates;
- ❖ The date you cease to be an eligible employee; or
- ❖ The date your health coverage as an active employee terminates.

Supplemental Long Term Disability

Introduction

Most people think disability is something that happens to other people. However, consider the facts:

- ❖ Every two seconds someone experiences a disabling injury.¹
- ❖ A disability is 16 times more likely than death to cause a mortgage foreclosure.²
- ❖ One in seven workers will become disabled for five years or more before age 65.³

Most people would not be able to meet their financial obligations if they became disabled and were unable to work for an extended period of time. For this reason, EIP offers a disability insurance plan that will help safeguard your lifestyle. This program, Supplemental Long Term Disability Insurance (SLTD), is insured by The Standard Insurance Company.

SLTD Insurance Provides

SLTD insurance provides:

- ❖ competitive group rates;
- ❖ survivors benefits for eligible dependents;
- ❖ on- and off-the-job coverage for injury, physical disease, mental disorder or pregnancy;
- ❖ a return to work incentive;
- ❖ SLTD conversion insurance; and
- ❖ cost of living adjustment.

Enrollment

You can enroll in the SLTD program within 31 days of your hire date. You may choose from one of two benefit waiting periods. However, if you do not enroll within 31 days after you first become eligible for SLTD, you will have to provide The Standard Insurance Company with medical evidence of good health and be approved to become insured. You may enroll with medical evidence of good health at any time throughout the year.

Benefit Waiting Period

The Benefit Waiting Period is the period of time you must be disabled before benefits may be payable. No benefits are paid during this period. You have the option of choosing either a 90-day or a 180-day benefit waiting period. You may change from one benefit waiting period to the other at any time throughout the year. To change from a 90- to a 180-day benefit waiting period, you must complete an NOE form and return it to your benefits administrator. To change from a 180- to a 90-day benefit waiting period, you must complete an NOE, provide medical evidence of good health and be approved. The effective date will be the first of the month following The Standard's approval.

Certificate

When you become insured for SLTD insurance, you will receive a certificate of insurance. Please read it carefully. The master group policy contains the controlling provisions of this insurance plan and neither this material, nor any certificate, may modify those provisions in any way.

¹National Safety Council (1996). Accident Facts, 1996 Edition.

²John S. Roberts, "Long Term Disability Smart Employee Benefit Management," California Broker, May 1996, pp. 42-43.

³Ibid.

Physical Exam	If you fail to enroll within 31 days of your hire date, you must complete a medical history statement. The Standard Insurance Company may require you to undergo a physical examination and blood test.
Claims	To receive a claims form packet, contact your benefits administrator as soon as it appears you will be disabled for 90 days or more. This packet contains four forms: The Employee's Statement; an Authorization for the Release of Information Form; the Attending Physician's Statement; and the Employer's Statement. You are responsible for making sure these forms are completed and returned to The Standard. Your complete medical records should accompany the Attending Physician's Statement. If you have questions, call The Standard's office at 1-800-628-9696. If you have BLTD coverage, only one claim packet must be completed.
Salary Change	Your SLTD premium will be recalculated based on your age as of the preceding January 1. Any change in your predisability earnings after you become disabled will have no effect on the amount of your SLTD benefit.
Active Work Requirement	If physical disease, mental disorder, injury or pregnancy prevent you from working the day before the scheduled effective date of your insurance coverage, your coverage will not become effective until the day after you complete one full day of active work.
Pre-existing Condition	<p>A pre-existing condition is a physical or mental condition for which you consulted a doctor, received medical treatment or took prescribed drugs during the six-month period before your SLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless, on the date you become disabled, you have been continuously covered under the plan for at least 12 months (Exclusion Period) or have not consulted a physician, received medical treatment or services or taken prescribed drugs or medications during any 12 consecutive month period (Treatment Free Period) between your date of disability and six months before the date your SLTD insurance became effective.</p> <p>The Pre-existing Condition Exclusion also applies to a change from the plan with the 180-day benefit waiting period to the plan with the 90-day benefit waiting period. The Pre-existing Condition Period, Treatment Free Period and Exclusion Period for the new plan will be based on the effective date of your coverage under the 90-day plan. However, if benefits do not become payable under the 90-day plan because of the Pre-existing Condition Exclusion, your claim will be administered under the 180-day plan as if you had not elected to change plans.</p>
Exclusions and Limitations	<ul style="list-style-type: none"> ❖ Disabilities resulting from war or any act of war are not covered. ❖ Intentional self-inflicted injuries are not covered. ❖ Payment of SLTD benefits is limited to 24 months during your entire lifetime for a disability caused by or contributed to mental disorder. ❖ No SLTD benefits will be paid when you are not under the ongoing care of a physician.

- ❖ No SLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment or vocational training or education approved by The Standard, unless your disability prevents you from participating.
- ❖ No SLTD benefits are payable for any period of disability when you are confined for any reason to a penal or correctional institution.
- ❖ Payment of SLTD benefits is limited to 24 months during your entire lifetime for a disability caused by or contributed to your use of alcohol, alcoholism, use of any illicit drug including hallucinogens, or drug addiction.
- ❖ Payment of SLTD benefits is limited to 24 months during your entire lifetime for a disability caused by or contributed to chronic pain, musculoskeletal or connective tissue conditions such as strains, sprains, fibromyalgia, TMJ, etc.
- ❖ Payment of SLTD benefits is limited to 24 months during your entire lifetime for a disability caused by or contributed to chronic fatigue or related conditions.
- ❖ Payment of SLTD benefits is limited to 24 months during your entire lifetime for a disability caused by or contributed to chemical and environmental sensitivities.
- ❖ During the 90-day benefit waiting period and the first 24 months of disability, no SLTD benefits will be paid for any period of disability when you are able to work in your own occupation and able to earn at least 20 percent of your predisability earnings adjusted for inflation, but choose not to work. Thereafter, no SLTD benefits will be paid for any period of disability when you are able to work in any occupation and able to earn at least 20 percent of your predisability earnings adjusted for inflation, but choose not to work.

SLTD Plan Benefits Summary

Benefit waiting period:	Plan One: 90 days Plan Two: 180 days
Monthly SLTD benefit ¹ percentages:	65 percent of the first \$12,307.69 of your predisability earnings, reduced by deductible income.
Minimum SLTD benefit:	\$100 per month.
Maximum SLTD benefit:	\$8,000 per month.
Maximum benefit period:	To age 65 if you become disabled before age 62. An age-graded maximum benefit period is provided for disabilities beginning at age 62 and over. Maximum benefit period for age 69 and beyond is one year.
Monthly premium ² rate:	Multiply the premium factor for your age and plan selection by your monthly earnings.
Maximum SLTD covered predisability earnings:	\$12,307.69 per month.

Your age as of the preceding January 1	Plan One	Plan Two
Under age 31	.00077	.00059
31 through 40	.00105	.00081
41 through 50	.00210	.00161
51 through 60	.00423	.00326
61 through 65	.00509	.00392
66 or older	.00621	.00478

Example:

Mary is 38 years old, earns \$3,000 per month and selected Plan Two. Her monthly premium is $\$3,000 \times .00081 = \2.43 (\$2.44) per month.

John is 52 years old, earns \$2,250 per month and selected Plan One. John's monthly premium is $\$2,250 \times .00423 = \9.52 per month.

¹These benefits are not taxable since the premiums are paid on a post-tax basis.

²Premium must be an even amount (amount is rounded up to the next even number).

How Does SLTD Insurance Work?

SLTD insurance is designed to provide a financial cushion if you become disabled. Your benefit will be based on a percentage of your predisability earnings. This is a customized program for you. The SLTD plan benefits summary will provide more information about your plan, including:

- ❖ your level of coverage (benefit percentage);
- ❖ how long benefits payments would continue if you remain disabled (maximum benefit period);
- ❖ the maximum benefit amount;
- ❖ your choice of benefit waiting periods; and
- ❖ your premium schedule.

You can apply for this plan if you are an active, permanent, full-time employee regularly working 30 or more hours a week for 12 months or in full-time academic employment who receives compensation from a department, agency, board, commission or institution of the state; public school districts; county governments (including county council members); and employees of other entities participating in the state's Plan of Benefits. Also eligible for coverage are members of the General Assembly and judges in the state courts. Active employees who work at least 20 hours per week may also be eligible at the agency's option.

Predisability Earnings

Your predisability earnings are the monthly earnings from your state-covered employer as of the preceding January 1. Predisability earnings are the actual amount your employer compensates you per year, including merit and longevity increases. It does not include your bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include your compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.

When Are You Considered Disabled?

You are considered disabled and eligible for benefits if you cannot work due to a covered injury, physical disease, mental disorder or pregnancy. You will also need to satisfy the benefit waiting period and meet one of the following definitions of disability.

Definition One:

Own Occupation Disability - You are unable to perform, with reasonable continuity, the material duties of your own occupation during the benefit waiting period and first 24 months SLTD benefits are paid.

Definition Two:

Any Occupation Disability - You are unable to perform, with reasonable continuity, the material duties of any occupation. Any occupation means any occupation or employment which you are able to perform, whether due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or any other occupation. The "any occupation" period begins at the end of the "own occupation" period and continues to the end of the maximum benefit period.

Definition Three: *Partial Disability* –

A) During the “own occupation” period, you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings while working in your own or any other occupation.

B) During the “any occupation” period, you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings while working in any occupation.

**Own
Occupation**

Own occupation means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as your regular and ordinary employment with the employer. Your own occupation is not limited to your job with your employer.

**Material
Duties**

Material duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation.

**Deductible
Income**

Your SLTD benefits will be reduced if you receive or you are eligible to receive income from other sources (i.e., deductible income). Deductible income includes: sick pay or other salary continuation (including sick leave pool); primary and dependent Social Security benefits; Workers’ Compensation; BLTD benefits; other group disability benefits; maximum plan retirement benefits, etc. For example, your SLTD benefit before reduction by deductible income is 65 percent of your covered predisability earnings. The benefit will then be reduced by the amount of any deductible income that you receive or are eligible to receive, so the total of the reduced SLTD benefit plus the deductible income will provide at least 65 percent of your covered predisability earnings. The guaranteed minimum SLTD benefit is \$100, regardless of the amount of deductible income.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the South Carolina Retirement Systems requires you to file an application for disability benefits while still in service or prior to termination of employment.**

When other benefits are awarded, you may receive a payment for an earlier period of time (retroactive or past benefits). If the award includes past benefits, or if you receive other income before notifying The Standard, there will be an overpayment of your SLTD claim. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

Conversion

When your insurance ends, you may buy SLTD conversion insurance if you meet all of the following criteria:

1. Your insurance ends for a reason other than:
 - a. Termination or amendment of the group policy;
 - b. Your failure to make a required premium contribution; or
 - c. Your retirement.

2. You were insured under your employer's long term disability insurance plan for at least one year as of the date your insurance coverage ended.
3. You are not disabled on the date your insurance coverage ends.
4. You are a citizen or resident of the United States or Canada.
5. You apply in writing and pay the first premium for SLTD conversion insurance within 31 days after your insurance coverage ends.

Death Benefits

If you die while SLTD benefits are payable, The Standard will pay a lump sum survivor's benefit to your eligible survivor. This benefit will be equal to three months of your SLTD benefit, unreduced by deductible income. Eligible survivors include your surviving spouse, surviving, unmarried children less than 25 years old, or any person providing care and support for any of them.

When Benefits End

Your benefits end automatically on the earliest of the following:

- ❖ the date you are no longer disabled;
- ❖ the date your maximum benefit period ends;
- ❖ the date you die; or
- ❖ the date benefits become payable under any other employer's group LTD policy.

When SLTD Insurance Ends

- ❖ The last day of the month for which you paid a premium.
- ❖ The day the group policy terminates.
- ❖ The date you cease to be an eligible employee.

